

FHA DEVELOPMENT, INC.

Regular Session Minutes

Thursday, August 12, 2021 at 6 pm

Via Zoom

I. Call to Order

The Regular Session of the FHA Development Board of Directors was called to order at 6:03 pm on Thursday, August 12th, 2021 via Zoom.

II. Roll Call

All Directors were present, forming quorum, with Director of Housing Butler representing Interim Executive Director Berry in his absence. Also in attendance were members of FHA staff, Jim Petty of Strategic Realty, buyer representatives, and members of the public.

III. Action Item: Recognition of Kristifier Paxton as unanimously elected Commissioner of the Fayetteville Housing Authority.

A vote was called to formally approve Commissioner Paxton as an authorized, voting Director of the FHA Development Board. The vote was moved, seconded, and called. The motion passed unanimously.

IV. Review and Approval of Agenda

Discussion items were added under Old Business– Financials, New Business – ERA enrollment update, New Business – Deane Street property offer adjustments. The agenda was approved with the added discussion items.

V. Guest Presentation: Jim Petty, Strategic Realty – Patriot Park

Mr. Petty gave an overview of his credentials, the purpose of Patriot Park, and the development timeline.

The floor opened for Director questions regarding anticipated move-in date and financials. There were discussions regarding preferences for veterans and reviewing the current HCV VASH voucher program.

Mr. Petty reviewed the legal structure of Patriot Park development and investors.

The floor opened for public comment. Lisa McCullough asked for clarification of funding and expected cashflow.

There was clarification of FHA vs FHA Development for the partnership documentation, and a discussion of the role of FHAD as a partner.

The Board discussed updating the document due to staff turnover and nominating two people to work as managers for Patriot Park. Interim Deputy Director Dempsey clarified that her name was already listed on the document and affirmed both her experience and interest in the project. There was further discussion on whether to have a staff member and a Director or

two Directors. The will of the Board was stated to defer the question to the attorney and review it as an informed action item at the next regular monthly FHAD Board session.

VI. Old Business

A. Approval of minutes

The Board of Directors reviewed the minutes and discussed corrections. A motion was made to approve the amended minutes; the motion was seconded. The vote was called, and the motion passed unanimously with one recusal.

B. Approval of financials (March, April, May, June)

The budget and June Rent Roll were absent from the Financial documents. There was discussion regarding labor charges made to FHA Development for maintenance, with the Board asserting that there were charges for labor not performed. There was discussion about implementing timesheets and an audit.

The Board held a discussion regarding the role of the Board in operational procedures.

A motion was made to deny the current set of financials. The motion was amended based on a recommendation to instead table the financials to allow the recommended changes to be made and presented at the next FHA D regular session. The motion was seconded.

Sarah Marsh, realtor representing FHA D, commented that lack of financials impacts the ability to get market value for the properties.

Director of Housing Butler made a statement regarding previously stated concerns about FHA D's financial stability and the risk it represented to Fayetteville Housing Authority. She stated that she would decline to comment without the Interim Executive Director present, a risk management plan, and impartial legal counsel, and left the meeting.

There was also a discussion regarding the credit charges made recently to FHA D.

The motion was brought back to the Board for Director discussion. Chair Terry stated that she had records that could be turned over to the auditor for the labor audit. There was discussion regarding labor charges made during the HUD directive. The vote was called and the motion passed unanimously.

C. Ratification of the FHA Development, Inc. & Fayetteville Housing Authority Management Agreement

There was a review of the changes made to date, with discussion as to proper procedure for further amendments.

A motion was made to ratify the FHA Development & Fayetteville Housing Authority Management agreement document as presented and signed. The motion was seconded. A vote was called and the motion passed unanimously, with one recusal.

VII. New Business

A. Deane Street property offer adjustment

Sarah Marsh, realtor representative for FHA D, led discussion on the IRSA modifications requested by the contracted buyer on the Deane Street properties. She reviewed the finances and state of the property, claiming that a lack of routine maintenance and neglect of the units impacted the offer.

The discussion was opened to the Directors, with discussion of ERA enrollment and prorating the future rent payment post-property owner transition.

Mr. Blackstone, a principal of BDM, discussed plans to keep units in an affordable price range.

Mitch Moore, representing Canopy NWA, clarified the state of the buyer's financials for their offer to purchase the Deane Street properties.

The Directors discussed the final offer from BDM and what the cost would cover. A motion was made to sell the Deane Street property to BDM. The motion was seconded. The motion was withdrawn and clarified to accept the offer as presented in the IRSA modification. The motion still stood.

Director Paxton commented appreciation for Canopy NWA but expressed his support for moving forward with the BDM offer.

A vote was called and the motion passed unanimously.

B. Report: Interim Executive Director

Interim Executive Director Berry was not present. There was a request to reflect ERA payments as they came in as a separate line item.

C. Update: Asset Management Report

The update was tabled due to Interim Executive Director Berry's absence. Chair Terry reviewed the requests made to staff regarding the asset management report. There was a request for further clarification regarding the inventory process in FHA and if those could be applied to FHA D.

There was discussion regarding inventory procedure.

D. FHA-FHA D organizational chart

There was a request to receive the chart as soon as practicable, with clarification regarding positions and exempt/non-exempt status monthly.

There was a comment regarding the new Community Engagement Coordinator vacancy. There was a request for clarification of the social worker role, as well as making the exit interviews available to the Board.

E. Update: Forensic Audit

Chair Terry updated the Board as to the extended timeline for the audit to complete the audit of FHA.

There was a suggestion to require at least one member of the staff leadership team to attend Board meetings.

F. Resolution: Clarify staff roles and responsibilities in Board initiated/led community engagement

Chair Terry discussed planning underway for the ERA2 enrollment event and volunteer recruitment to assist with the event. Chair Terry reported that a community volunteer had rescinded their offer to assist after an unauthorized phone call to the community volunteer from a FHA staff member. There was a request to request a meeting to address possible insubordination with Interim Executive Director Berry.

There was discussion regarding a team-building activity between the Board and FHA staff, possibly purpose driven.

There was discussion regarding power-washing the buildings at Willow Heights and Lewis Plaza. There was request for an update for the power-washing bids from the Director of Housing at the next FHA D Board meeting.

VIII. Adjournment

The meeting was adjourned at 10:38 pm.